

Public Law 1011

CHAPTER 1020

AN ACT

To allow a charitable deduction for certain bequests.

August 6, 1956
[H. R. 11834]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2055 (b) of the Internal Revenue Code of 1954 (estate tax deduction for transfers for public, charitable, and religious uses) is amended by inserting "(1) GENERAL RULE.—" before "Property" at the beginning thereof and by adding at the end thereof the following new paragraph:

Estate tax.
Bequests in
trust.
68A Stat. 391.
26 USC 2055(b).

"(2) SPECIAL RULE FOR CERTAIN BEQUESTS SUBJECT TO POWER OF APPOINTMENT.—For purposes of this section, in the case of a bequest in trust, if the surviving spouse of the decedent is entitled for life to all of the net income from the trust and such surviving spouse has a power of appointment over the corpus of such trust exercisable by will in favor of, among others, organizations described in subsection (a) (2), such bequest in trust, reduced by the value of the life estate, shall, to the extent such power is exercised in favor of such organizations, be deemed a transfer to such organizations by the decedent if—

"(A) no part of the corpus of such trust is distributed to a beneficiary during the life of the surviving spouse;

"(B) such surviving spouse was over 80 years of age at the date of the decedent's death;

"(C) such surviving spouse by affidavit executed within one year after the death of the decedent specifies the organizations described in subsection (a) (2) in favor of which he intends to exercise the power of appointment and indicates the amount or proportion each such organization is to receive; and

"(D) the power of appointment is exercised in favor of such organizations and in the amounts or proportions specified in the affidavit required under subparagraph (C).

The affidavit referred to in subparagraph (C) shall be attached to the estate tax return of the decedent and shall constitute a sufficient basis for the allowance of the deduction under this paragraph in the first instance subject to a later disallowance of the deduction if the conditions herein specified are not complied with."

SEC. 2. Section 6503 of the Internal Revenue Code of 1954 (suspension of running of period of limitations) is amended by redesignating subsection (e) (cross references) as subsection (f) and inserting the following new subsection:

Suspension of
running of period of
limitations.
68A Stat. 807.
26 USC 6503.

"(e) CERTAIN POWERS OF APPOINTMENT.—The running of the period of limitations for assessment or collection of any tax imposed by chapter 11 shall be suspended in respect of the estate of a decedent claiming a deduction under section 2055 (b) (2) until 30 days after the expiration of the period for assessment or collection of the tax imposed by chapter 11 on the estate of the surviving spouse."

68A Stat. 373.
26 USC ch. 11.
Supra.

SEC. 3. The amendments made by this Act shall apply in the case of decedents dying after August 16, 1954.

Effective date.

Approved August 6, 1956.